



Agenda Date: 06/07/06

Agenda Item: IVB

STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center

Newark, NJ 07102

www.bpu.state.nj.us

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED
PETITION OF BCN TELECOM, INC. FOR)
APPROVAL OF AN INDIRECT CHANGE
OF CONTROL

ORDER OF APPROVAL

DOCKET NO. TM06020081

(SERVICE LIST ATTACHED)

BY THE BOARD¹

On February 3, 2006, BCN Telecom, Inc., (BCN or Petitioner) pursuant to N.J.S.A. 48:2-51.1 filed a petition with the Board of Public Utilities (Board) requesting the approval of a proposed indirect transfer of control of BCN. This indirect transfer of control is occurring at the parent company level without any direct impact on Petitioner. Upon consummation of the transfer, BCN will and continue to offer services on the same terms, rates and conditions that it currently provides such services in the State.

BACKGROUND

BCN is a privately owned company organized, under the laws of the State of New Jersey, with its principal offices located in Bedminster, New Jersey. According to the petition BCN is currently authorized as a reseller of intrastate interexchange telecommunications services throughout the United States, and has resold and/or facilities-based local exchange authority in 22 states. BCN received its authority to provide local exchange and interexchange telecommunications services in New Jersey on January 13, 2005. See I/M/O the verified petition of BCN Telecom, Inc. for approval to provide local exchange telecommunications services throughout New Jersey, Docket No. TE04040254.

¹ Due to a Potential Conflict of Interest, Commissioner Connie O. Hughes did not participate in the vote or deliberation in this matter.

BCN is wholly owned by Telecom Acquisition Company, LLC (TACO or Purchaser) a privately held New Jersey limited liability company with its principal offices located in Bedminster, New Jersey. TACO's equity interests are owned by Advance Capital Partners, LLC, JADM Partners, LP, Salvatore Tiano, and ELD Partners, LP (Sellers), as well as other individuals which include Richard M. Boudria and William Mulcahy, each of whom are also officers of BCN.

DISCUSSION

According to the petition, TACO and Sellers have reached agreement whereby, at closing of the proposed transaction, Sellers will sell assign, transfer, and deliver to Purchaser, and TACO will purchase and redeem, all of Sellers' equity membership interests in TACO. The petition states that following the closing, majority ownership of TACO will be vested in Mssrs. Boudria, who will own 48.5% of the equity interests in TACO, and Mulcahy, who will own 11.5% of the equity interests in TACO. BCN will continue to be a wholly-owned subsidiary of TACO.

The Petition states that the Sellers have determined that participation in TACO is no longer consistent with their interests and thus the proposed transaction will enable them to exit the business. Petitioners indicate that since the proposed transaction will occur at the parent company level, the Sellers' exit from the business will have no impact on BCN, rather, BCN will continue to provide services to its customers using the same name, terms and conditions of service, tariff and operating authority as it has in the past. Further, BCN intends to retain all key company personnel, thus the transfer will be transparent to, and have no adverse impact on customers.

FINDINGS AND CONCLUSIONS

After a thorough review of the petition and all related documents, the Board concludes that there will be no negative impact on service quality to New Jersey customers or the rates they pay. Nor will there be a negative impact on competition. Likewise, there will be no negative impact upon employees in the State. Moreover, a positive benefit may be expected from the strengthening of BCN's competitive posture in the telecommunications market and from the return of the Company to the control of the entrepreneur who originally founded the firm and who has significant ties to the State.

Accordingly, after careful review of this matter, the Board FINDS that the transaction will have no negative impact on competition, the rates of current customers, or on employees. The Board also FINDS that the transfer will have no negative impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, the Board, after investigation, having considered the record and exhibits submitted in this proceeding, FINDS that the transfer

is in accordance with the law and in the public interest. The Board HEREBY ORDERS that Petitioners shall notify the Board of the closing of the proposed transaction within ten (10) days of consummation of the transfer. The Board FURTHER ORDERS that the approval in this Order shall become null and void and of no effect to the extent it has not been exercised prior to October 31, 2006.

DATED: 6/7/06

BOARD OF PUBLIC UTILITIES
BY:



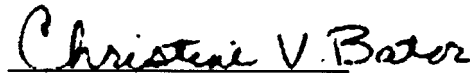
JEANNE M. FOX
PRESIDENT



FREDERICK F. BUTLER
COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER



CHRISTINE V. BATOR
COMMISSIONER

ATTEST:



KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities

